

Message Text

UNCLASSIFIED

PAGE 01 BRASIL 08267 01 OF 02 201553Z

41

ACTION ARA-10

INFO OCT-01 EUR-12 EA-09 IO-10 ISO-00 SSO-00 NSCE-00

INRE-00 USIE-00 FEA-01 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15

ACDA-10 EB-07 NRC-07 OES-05 ERDE-00 NSF-02 COME-00

INT-05 /120 W

----- 053848

O P R 201200Z SEP 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 1610

INFO AMEMBASSY BONN PRIORITY

AMEMBASSY PARIS

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY MEXICO CITY

USMISSION IAEA VIENNA PRIORITY

USMISSION EC BRUSSELS

USMISSION NATO

USCINCSO QUARRY HEIGHTS CZ

USMISSION OECD PARIS

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

UNCLAS SECTION 1 OF 2 BRASILIA 8267

E.O. 11652: N/A

TAGS: TECH ENRG PARM BR GW FR US

SUBJECT: NUCLEAR ENERGY: BRAZILIAN FOREIGN MINISTER

TESTIFIES ON GERMAN/BRAZILIAN NUCLEAR AGREEMENT

1. SUMMARY. TESTIFYING BEFORE COMMISSIONS OF THE BRAZILIAN

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BRASIL 08267 01 OF 02 201553Z

SENATE ON SEPT. 18, FONMIN SILVEIRA MADE THE FOLLOWING POINTS

ABOUT THE GERMAN /BRAZILIAN NUCLEAR AGREEMENT AND BRAZIL'S NUCLEAR PROGRAM: A) THE AGREEMENT IS A "NEW ELEMENT" IN THE PICTURE OF LDC RELATIONS WITH DCS; B) INADEQUATE HYDRO-ELECTRIC POTENTIAL STIMULATED THE DECISION IN FAVOR OF NUCLEAR ENERGY; C) BRAZILIAN AUTHORITIES RECOGNIZED THE "PRECARIOUSNESS" OF BUYING FOREIGN REACTORS, FOR WHICH THE FUEL SUPPLY WAS "EXTREMELY VULNERABLE;" D) NEITHER US FIRMS NOR THE FRENCH SHOWED AN INTEREST IN ENRICHMENT AND REPROCESSING IN BRAZIL, AND THUS THEY DID NOT RESPOND TO BRAZIL'S INTEREST IN AN INTEGRATED NUCLEAR ENERGY PROGRAM; E) CRITICISMS IN THE US SENATE OF THE GERMAN/BRAZILIAN AGREEMENT CONFIRM THAT IT WOULD HAVE BEEN IMPOSSIBLE TO OBTAIN A SIMILAR AGREEMENT FROM THE US; F) THE SAFEGUARDS IN THE 1972 BRAZILIAN/US AGREEMENT FOR COOPERATION DID NOT LIMIT BRAZIL'S FREEDOM OF ACTION TO UNDERTAKE OTHER PROGRAMS; G) THE GERMANS, NOT RAISING THE RESERVATIONS OF THE US AND FRENCH, WERE PREPARED TO CONSIDER AN INTEGRATED PROGRAM; H) THE AGREEMENT WITH WEST GERMANY PROVIDES FOR COOPERATION IN THE FULL FUEL CYCLE, INCLUDING TECHNOLOGY; I) THE SAFEGUARDS IN THE AGREEMENT WITH IAEA AND WEST GERMANY DO NOT IMPLY ADHERENCE TO THE NPT; J) THE GERMAN/BRAZILIAN AGREEMENT IS THE MOST IMPORTANT FACTOR IN

BRAZIL'S ENERGY FUTURE; AND K) BRAZIL HOPES TO CONCLUDE OTHER COOPERATIVE PROGRAMS WITH DEVELOPED COUNTRIES. EMBASSY COMMENT FOLLOWS BY SEPTEL. EMBASSY POUCHING THREE COPIES OF SILVEIRA'S TEXT (IN PORTUGUESE) TO ARA/BR. END SUMMARY

2. ON SEPT. 18, AT A JOINT SESSION OF THE COMMISSIONS OF FOREIGN RELATIONS, MINES AND ENERGY, AND ECONOMICS OF THE BRAZILIAN SENATE, FONMIN SILVEIRA TESTIFIED ON THE GERMAN/BRAZILIAN NUCLEAR AGREEMENT AND BRAZIL'S NUCLEAR PROGRAM. SILVEIRA SET

FORTH IN A STRAIGHTFORWARD, CANDID MANNER THE REASONS WHICH LED BRAZIL TO OPT FOR AN AGREEMENT WITH WEST GERMANY, ALONG WITH A SUMMARY OF WHAT THE AGREEMENT INVOLVES, INCLUDING SAFEGUARDS.

3. SILVEIRA BEGAN HIS REMARKS BY REFERRING TO BRAZIL'S EFFORTS "IN RECENT DECADES TO REVISE THE INTERNATIONAL ECONOMIC ORDER" AND TO "CHANGE LDC/DC RELATIONS," EFFORTS WHICH HAVE UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BRASIL 08267 01 OF 02 201553Z

PRODUCED "FEW RESULTS," IN BILATERAL OR MULTILATERAL FORA. HE CITED STILL "INSOLUBLE" PROBLEMS OF "EXCESSIVE " FLUCTUATIONS IN RAW MATERIALS PRICES, OF MAINTAINING EXPORT EARNINGS, OF "CORRECTING" THE TERMS OF TRADE, OF GAINING ACCESS TO DC MARKETS, AND OF SECURING ADVANCED TECHNOLOGY. HE SAW THE GERMAN/BRAZILIAN NUCLEAR AGREEMENT AS A "NEW ELEMENT" IN THIS PICTURE: FOR THE FIRST TIME AN LDC IS UNDERTAKING A COOPERATIVE PROGRAM IN A "VANGUARD SECTOR" WHICH NOT ONLY WILL

ESTABLISH "RADICAL NEW CONDITIONS OF TRADE," BUT "ABOVE ALL" WILL BRING THE COMPLETE TRANSFER OF ADVANCED TECHNOLOGY.

4. SILVEIRA THEN GAVE A "HISTORICAL RETROSPECTIVE." HE SAID THE DECISION TO INSTALL NUCLEAR POWER REACTORS TO GENERATE ELECTRICITY HAD COME WHEN IT HAD BEEN REALIZED THAT HYDROELECTRIC CAPACITY WOULD BE INADEQUATE TO MEET THE DEMAND FOR ELECTRICAL ENERGY, WHICH IS GROWING AT 10 PERCENT PER YEAR. NOTING THAT ANGRA I, BOUGHT FROM WESTINGHOUSE, HAS BEEN BRAZIL'S FIRST POWER REACTOR, SILVEIRA COMMENTED THAT BRAZILIAN AUTHORITIES WERE CONVINCED EARLY OF THE "PRECARIOUSNESS" OF BUYING FOREIGN REACTORS, FOR WHICH THE FUEL SUPPLY WAS "EXTREMELY VULNERABLE." THERE EMERGED, HE SAID, THE IDEA OF CONSTRUCTING A MAJORITY-NATIONAL-OWNED NUCLEAR INDUSTRY WHICH COULD OBTAIN FOREIGN TECHNOLOGY FOR ITS DEVELOPMENT. BRAZIL WAS CONFIDENT THAT IT WOULD GET FOREIGN COOPERATION, SILVEIRA REMARKED, SINCE THE WORLD ENERGY CRISIS HAD MADE MORE ATTRACTIVE THE POSSIBILITIES FOR "CREATIVE PROGRAMS" BY COUNTRIES WHICH "MONOPOLIZED NUCLEAR TECHNOLOGY."

5. AFTER THE NATIONAL NUCLEAR ENERGY COMMISSION (CNEN) HAD OPTED FOR REACTORS USING ENRICHED URANIUM, ACCORDING TO SILVEIRA, IT WAS NECESSARY TO FIND AN ASSOCIATE, FROM AMONG THE US, WEST GERMANY, AND FRANCE, PREPARED TO TRANSFER THE TECHNOLOGY NECESSARY FOR THE GRADUAL NATIONALIZATION OF THE BRAZILIAN PROGRAM. SILVEIRA SAID TWO US FIRMS--WESTINGHOUSE AND GENERAL ELECTRIC--HAD OUTLINED COOPERATION PLANS, BUT THESE "DID NOT RESPOND TO ALL OF BRAZIL'S INTERESTS" SINCE THEY OMITTED ENRICHMENT AND REPROCESSING FACILITIES. THUS, HE CONTINUED, BRAZIL WOULD HAVE CONTINUED TO DEPEND ON "FOREIGN SUPPLIERS BASICALLY, ON THE AMERICANS)." ALSO, ACCORDING TO SILVEIRA, THE PROSPECTS FOR BRAZILIAN/US COOPERATION ON NUCLEAR ENERGY "WERE NOT, AS THEY ARE NOT NOW, VERY PROMISING. FOR MORE

UNCLASSIFIED

PAGE 04 BRASIL 08267 01 OF 02 201553Z

THAN A YEAR BRAZIL HAS WAITED FOR THE AMERICANS" TO PRESENT A DRAFT AMENDMENT TO THE 1972 AGREEMENT FOR COOPERATION. "AN EARLIER DRAFT WAS PRESENTED BY THE US, ACCEPTED BY BRAZIL, AND WITHDRAWN ("RETIRADO") BY THE AMERICANS THEMSELVES, UNDER THE ALLEGATION OF MODIFICATION OF INTERNAL LEGISLATION." BESIDES THIS, SILVEIRA SAID, ON THE COMMERCIAL PLANE THE AEC (NOW ERDA) LABELED AS "CONDITIONAL" THE FUEL SUPPLY CONTRACTS FOR ANGRA II AND III "WITHOUT PREVIOUS CONSULTATIONS" WITH FURNAS, AFTER FURNAS HAD "DEPOSITED THE CONVENTIONAL PAYMENT."

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 BRASIL 08267 02 OF 02 201625Z

41

ACTION ARA-10

INFO OCT-01 EUR-12 EA-09 IO-10 ISO-00 SSO-00 NSCE-00

INRE-00 USIE-00 FEA-01 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15

ACDA-10 EB-07 NRC-07 OES-05 ERDE-00 NSF-02 COME-00

INT-05 /120 W

----- 053982

O P R 201200Z SEP 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 1611

INFO AMEMBASSY BONN PRIORITY

AMEMBASSY PARIS

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY MEXICO CITY

USMISSION IAEA VIENNA PRIORITY

USMISSION EC BRUSSELS

USMISSION NATO

USCINCSO QUARRY HEIGHTS CZ

USMISSION OECD PARIS

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

UNCLAS SECTION 2 OF 2 BRASILIA 8267

6. "ANOTHER NEGATIVE FACTOR FOR COOPERATION WITH THE US," SILVERIA CONTINUED, " IS THE INCREASING AND EXAGGERATED DISQUIET" IN US "PUBLIC SECTORS" REGARDING THE "DANGERS, REAL OR IMAGINED, OF NUCLEAR PROLIFERATION." WITH THE RESULT THAT THEIR "CONCERNS WITH SAFEGUARDS ARE SO EXCESSIVE AS TO PARALYZE INTERNATIONAL COOPERATION."

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BRASIL 08267 02 OF 02 201625Z

7. SILVEIRA SAID THE SITUATION WAS "DIFFERENT" WHEN THE 1972 AGREEMENT FOR COOPERATION WAS SIGNED. THAT AGREEMENT "CONTAINS EXPLICIT AND COMPLETE SAFEGUARDS PROVISIONS," BUT IT "STIPULATES THAT SUCH PROVISIONS ARE APPLICABLE ONLY TO NUCLEAR MATERIALS, EQUIPMENT, DEVICES, AND INSTALLATIONS FURNISHED TO BRAZIL BY THE US, AND RELATED DIRECTLY TO NUCLEAR COOPERATION BETWEEN THE TWO COUNTRIES." SILVEIRA DENIED THAT THE SAFEGUARDS APPLY TO ANY OTHER MATERIALS, ETC., OR THAT THEY "RESTRICT" BRAZIL'S "FREEDOM OF ACTION." SILVEIRA NOTED THAT THE BRAZIL/US/IAEA AGREEMENT PROVIDES "EQUALLY CIRCUMSCRIBED " SAFEGUARDS.

8. SILVEIRA SAID THAT "IT WAS NOT SURPRISING " THAT WESTINGHOUSE AND GE DID NOT INCLUDE IN THEIR PROPOSALS ENRICHMENT AND REPROCESSING FACILITIES, WHICH THE "AMERICANS THINK COULD FURNISH MATERIAL FOR NUCLEAR ARMS." THE US OPTION, HE CONCLUDED, WAS "FAR FROM BEING THE IDEAL FOR THE DEVELOPMENT OF A PROGRESSIVELY AUTONOMOUS NUCLEAR PROGRAM," AND " "THE CRITICISMS MADE IN THE US SENATE ABOUT THE GERMAN/BRAZILIAN AGREEMENT CONFIRM THAT IT WOULD HAVE BEEN IMPOSSIBLE TO OBTAIN FROM THE US AN AGREEMENT SIMILAR TO THE GERMAN AGREEMENT."

9. TURNING TO THE FRENCH OPTION, SILVEIRA SAID THE FRENCH AIC HAD BEEN INTERESTED IN A "SECTORIAL PROGRAM" TO INCLUDE URANIUM PROSPECTING AND A REACTOR COMPONENTS INDUSTRY, BUT NOT AN ENRICHMENT PLANT. BRAZIL, HOWEVER, WAS INTERESTED IN AN "INTEGRATED COOPERATION PROGRAM."

10. MOVING ON TO THE GERMAN OPTION, SILVEIRA SAID THAT: "RESERVATIONS SUCH AS THOSE OF THE AMERICANS AND FRENCH WERE NOT RAISED BY THE GERMANS, WHO AT AN EARLY STAGE WERE PREPARED TO CONSIDER AN INTEGRATED PROGRAM . CONSIDERING THIS UNEQUIVOCAL POLITICAL DISPOSITION, IT WAS EASY TO GO ON TO THE NEGOTIATIONS, " WHICH BEGAN IN BOON IN FEBRUARY 1975, AND WERE CONCLUDED WITH THE SIGNATURE OF THE "HISTORIC INSTRUMENT" ON JUNE 27.
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BRASIL 08267 02 OF 02 201625Z

SILVEIRA NOTED THAT THE AGREEMENT COVERS ALL STAGES OF THE FUEL CYCLE AND THE TRANSFER OF THE NECESSARY TECHNOLOGY; WEST GERMANY WILL EXPORT SEVERAL BILLION DOLLARS OF MATERIALS AND SERVICES AND WILL HAVE THE "RIGHT" TO BUY PART OF THE URANIUM EXPECTED TO BE FOUND IN BRAZIL,

EXCEPTING "THE NATIONAL STRATEGIC STOCK."

11. REGARDING SAFEGUARDS, " OBLIGATORY IN THIS TYPE OF COOPERATION," SILVEIRA POINTED OUT THAT A TRILATERAL AGREEMENT WITH THE FRG AND IAEA HAD BEEN AGREED UPON, AND HE REFERRED TO THE "PRECEDENT" AGREEMENT WITH THE US AND THE IAEA. SILVEIRA STATED THAT: " THE SAFEGUARDS AGREEMENT DOES NOT IMPLY THE ADHRENCE OF BRAZIL TO THE NPT." HE SAID THAT "ALL THE MATERIAL FROM FUTURE GERMAN/BRAZILIAN COOPERATION WILL BE SUBJECT TO SAFEGUARDS, BUT "NOTHING WHICH BRAZIL UNDERTAKES OUTSIDE (WORD UNDERLINED BY SILVEIRA) OF THE COOPERATION WITH WEST GERMANY (ALONE OR WITH THIRD COUNTRIES) WILL BE SUBJECT TO THESE SAFEGUARDS."

12. IT COULD BE SAID THAT THE "AGREEMENT WILL HAVE A NEW DIMENSION WITHOUT PRECENDENT IN INTERNATIONAL COOPERATION IN THE PEACEFUL USES OF NUCLEAR ENERGY, SINCE THE AGREEMENT COVERS PRACTICALLY ALL ASPECTS" NEEDED FOR THE PRODUCTION OF ELECTRICITY. SILVEIRA THEN DETAILED THE SPECIFIC AREAS OF COOPERATION:

--GERMAN "KNOW-HOW" TO UNDERTAKE RESEARCH AND BENEFICATION OF URANIUM,AND POSSIBLE EXPORTS OF URANIUM IN EXCESS OF THE "STRATEGIC STOCK," WHICH COULD BECOME AND IMPORTANT SOURCE OF FOREIGN EXCHANGE.

--AN INDUSTRIAL BASE IN BRAZIL, WITH PRIVATE SECTOR PARTICIPATION, TO PROVIDE EQUIPMENT FOR THE CONSTRUCTION OF FUTURE BRAZILIAN NUCLEAR PLANTS, WITH "ALL EFFORTS BEING MADE TO PRODUCE MATERIALS NATIONALLY AS SOON AS POSSIBLE."

-- THE USE OF JET CENTRIFUGE ENRICHMENT TECHNOLOGY.

--THE CONSTRUCTION OF A FUEL ELEMENT FABRICATION PLANT AND A FUEL REPROCESSING PLANT. SILVEIRA ACKNOWLEDGED THAT THE "EXISTENCE OF REPROCESSING PLANTS IS RARE IN THE WORLD TODAY", AND SAID BRAZIL AS WELL AS WEST GERMANY, WHICH HAS "VERY ADVANCED " TECHNOLOGY IN THIS FIELD, WILL "DEVOTE SPECIAL ATTENTION TO THIS PROBLEM."

UNCLASSIFIED

UNCLASSIFIED

PAGE 04 BRASIL 08267 02 OF 02 201625Z

13. SILVEIRA POINTED OUT THAT THE AGREEMENT, BY GIVING BRAZIL "ADVANCED GERMAN TECHNOLOGY IN NUCLEAR ENERGY FOR PEACEFUL PURPOSES," FREES BRAZIL FROM DEPENDENCE ON THE TRANSFER OF FOREIGN MATERIALS WITHOUT THE TRANSFER OF TECHNOLOGY. HE ADDED THAT THE NEED FOR MORE SCIENTISTS AND TECHNICIANS IN THIS FIELD IS INCREASING RAPIDLY, AND THAT THE GOB IS ASSISTING UNIVERSITIES TO TRAIN THEM.

14. SILVEIRA CONCLUDED THAT THE AGREEMENT IS "THE MOST IMPORTANT FACTOR IN BRAZIL'S ENERGY FUTURE, AND ITS REPERCUSSIONS ON THE NATIONAL ECONOMY WILL BE PROFOUND AND BENEFICIAL." HE EXPRESSED THE HOPE THAT HIS IS A STEP

TOWARD OTHER COOPERATIVE PROGRAMS WITH DEVELOPED COUNTRIES,
AND HE SAID BRAZIL IS ATTENTIVE TO ANY SUCH OPPORTUNITIES.
JOHNSON

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NUCLEAR AGREEMENTS, TECHNICAL ASSISTANCE, SPEECHES, NUCLEAR COOPERATION PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BRASIL08267
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750327-0347
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750931/aaaabbbw.tel
Line Count: 334
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 7
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: RowellE0
Review Comment: n/a
Review Content Flags:
Review Date: 26 MAR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 MAR 2003 by MaustMC>; APPROVED <05 FEB 2004 by RowellE0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NUCLEAR ENERGY: BRAZILIAN FOREIGN MINISTER TESTIFIES ON GERMAN/BRAZILIAN NUCLEAR AGREEMENT
TAGS: TECH, ENRG, PARM, BR, GE, FR, US, (AZEREDO DA SILVEIRA, ANTONIO F)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006